

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF SOUTH KENTUCKY RURAL)	
ELECTRIC COOPERATIVE CORPORATION FOR)	
A CERTIFICATE OF CONVENIENCE AND)	CASE NO. 94-030
NECESSITY TO CONSTRUCT ADDITIONAL)	
LINEs AND FACILITIES)	

O R D E R

On January 27, 1994, South Kentucky Rural Electric Cooperative Corporation ("SKRECC") filed its application for a Certificate of Public Convenience and Necessity for its two year work plan. SKRECC serves approximately 48,300 customers in the counties of Pulaski, Wayne, McCreary, Cumberland, Lincoln, Rockcastle, Casey, Russell, Laurel, and Clinton, Kentucky. In addition, it serves the counties of Pickett and Scott in Tennessee.

SKRECC's work plan is for the years 1994-1995, with a total estimated construction budget of \$7,989,500, broken down as follows:

New Consumers	\$3,746,250
Line Conversion	\$958,800
Transformers	\$1,275,000
Meters	\$222,750
Service Upgrades	\$104,000
Sectionalizing Equipment	\$94,400
Voltage Regulators	\$233,000
Pole Replacements	\$200,000

Conductor Replacements	\$280,800
Clearance Poles	\$560,000
Security Lights	\$314,500
Total	\$7,989,500

The majority of the items listed above represent budgeted amounts for routine maintenance replacements or are required to serve new customers or additional loads. The budgeted amounts reflect average historical costs, adjusted for growth when required. For the most part, detailed engineering studies are neither performed nor required. The major exceptions are the line conversions and sectionalizing equipment. SKRECC's consultants performed detailed studies for both of these items. Exhibit 2 of the application contains a Primary Analysis which serves as a model of SKRECC's distribution system. The first analysis is a model of the existing system with projected loads. The second analysis models SKRECC's system after the proposed projects are completed. These analyses adequately demonstrate the need for the proposed construction.

SKRECC will construct the proposed facilities from general funds until such time as new loan funds are needed. At that time, SKRECC intends to file loan applications with the National Rural Utilities Cooperative Finance Corporation and the Rural Electrification Administration and will seek Commission approvals as required.

SKRECC's 1986 Long Range Plan ("LRP") was prepared in 1986 based upon the 1984-1985 winter peak load. Since that time, SKRECC

has found that system loads have grown more rapidly than projected by the LRP and will prepare a new LRP in conjunction with its 1996-1997 work plan. As the construction proposed in the two-year work plans is coordinated with the LRP, the Commission finds that SKRECC should file its new LRP with its next work plan.

IT IS THEREFORE ORDERED that:


1. SKRECC be and it hereby is granted a Certificate of Public Convenience and Necessity to construct the facilities described in its 1994-1995 Work Plan.

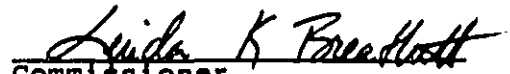
2. SKRECC shall file its new LRP in conjunction with its 1996-1997 Work Plan.

Done at Frankfort, Kentucky, this 6th day of June, 1994.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director